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Vegetables and Melons Outlook

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Potato Crop Down, Prices Rising

The next release will be on February 20, 2002

Approved by the World Agricultural Outlook Board.

The November estimate of U.S. fall-season potato production is 401 million hundredweight (cwt). When added to the winter, spring, and summer potato crops, this places total production for the 2001 crop year at 442 million cwt, 14 percent below a year ago. In response to reduced production, U.S. shipping-point (grower) prices for all potatoes have averaged 32 percent higher than a year ago for September through November. Prices received by growers for this period were higher than a year ago throughout the country, with some of the largest percentage gains in Colorado (up 126 percent) and California (46 percent). Some other major growing areas realizing higher grower prices are Idaho (up 42 percent), Washington (24 percent), North Dakota (14 percent), and Maine (8 percent).

During October and November, fresh-market vegetable and melon shipment volume increased 4 percent from a year earlier. This was a reflection of the 4-percent increase in fall season area for harvest and generally favorable weather. Unfortunately, while supplies were rising, demand may have been slowed by the economic downturn. As a result of increased supplies and lackluster demand, shipping-point prices for fresh-market vegetables averaged 24 percent below a year ago during the October to November period. With the possible exception of carrots and cucumbers, shipping-point prices are expected to average below a year earlier for most fresh-market vegetables during the fourth quarter of 2001.

The first estimate of dry bean production by class was released by the U.S. Department of Agriculture (USDA) on December 11. As expected, output for all classes fell below a year earlier with the biggest decline for cranberry beans—down 66 percent. Output of pinto beans, which accounts for the largest share (44 percent) of the U.S. dry bean crop, fell 20 percent. Grower prices for the 2001/02 marketing year are expected to average at least 40 percent above the $15.50 of a year earlier.

This issue includes a commodity spotlight on bell peppers. Farm cash receipts for bell peppers have risen 32 percent over the past 5 years, averaging $535 million during 1998-2000. In 2000, Americans consumed 2.2 billion pounds of bell peppers—the equivalent of 8 pounds per capita—80 percent greater than 1990.

Industry Overview

Some economic highlights for the U.S. vegetable and melon sector:

- This fall, fresh-market vegetable and melon area for harvest was estimated to be up 4 percent from a year ago. Combined with warm weather, increased area likely pushed supplies above those of last fall. As a result, fall-season prices have averaged well below the highs of both the previous quarter and year.

- Assuming continued mild weather and a slow economy restraining demand, fresh-market vegetable supplies should remain at or above year-earlier levels this winter. As a result, shipping-point prices are expected to average below those of last winter.

- During January to September, the value of fresh-market vegetable and melon imports (excluding potatoes) was up 20 percent from a year earlier. Import volume was up 11 percent. A significant portion of the increase came during the first quarter (value was up 31 percent) when domestic shipments were down and prices were high.

- Contract production of the four major vegetables for processing declined about 10 percent from a year ago to 13.6 million short tons. Production was lower than a year ago for each crop, with green pea output down the most (29 percent). Processing output, especially for canning vegetables, is expected to increase in 2002.

- Wholesale prices for both canned and frozen vegetables likely averaged 2 percent above a year earlier in 2001. In 2002, shorter supplies are expected to bring higher prices for canned vegetables, while most frozen vegetable prices will remain steady.

- U.S. dry bean growers will likely plant more acreage next spring as the short 2001 crop cuts inventories and raises prices. Dry bean grower prices, recovering from the doldrums of the past 2 years, are expected to average 40 percent higher in 2001/02 than a year ago.

- Potato prices will also be on the rise over the next 6 months because the fall potato crop declined 14 percent to 401 million cwt—the lowest since 1993. The season-average shipping-point price for fresh and processing potatoes is expected to exceed $7 in 2001/02.

- Mushroom consumption (fresh-weight basis) totaled 1.15 billion pounds in 2000/01—up from 930 million pounds in 1990. Most of the gain over the decade has been due to increased fresh use. Fresh use totaled 727 million pounds (2.63 pounds per capita) in 2000/01, up 4 percent from a year earlier.

Table 1--U.S. vegetable industry: Area, production, value, unit value, and trade, 1999-2001 1/

Item	Unit	1999	2000	2001f
Area harvested	1,000 ac.	7,152	6,825	6,237
Vegetables				
Fresh-market	1,000 ac.	1,911	1,924	1,940
Processing	1,000 ac.	1,513	1,450	1,315
Potatoes	1,000 ac.	1,332	1,348	1,237
Dry beans	1,000 ac.	1,877	1,608	1,250
Other 2/	1,000 ac.	519	495	495
Production	Mil. cwt	1,372	1,365	1,246
Vegetables				
Fresh-market	Mil. cwt	448	452	445
Processing	Mil. cwt	384	344	310
Potatoes	Mil. cwt	478	514	442
Dry beans	Mil. cwt	33	26	20
Other 2/	Mil. cwt	29	29	29
Crop value	$ mil.	13,730	14,298	15,006
Vegetables				
Fresh-market	$ mil.	7,546	8,640	8,960
Processing	$ mil.	1,743	1,513	1,350
Potatoes	$ mil.	2,746	2,591	3,095
Dry beans	$ mil.	548	423	461
Other 2/	$ mil.	1,147	1,131	1,140
Unit value 3/	$/cwt	10.01	10.48	12.05
Vegetables				
Fresh-market	$/cwt	16.84	19.12	20.15
Processing	$/cwt	4.54	4.40	4.35
Potatoes	$/cwt	5.77	5.08	7.00
Dry beans	$/cwt	16.40	15.50	23.50
Other 2/	$/cwt	39.55	39.10	38.95
Trade				
Imports	$ mil.	3,995	4,128	4,610
Vegetables				
Fresh & melons	$ mil.	2,171	2,279	2,700
Canned, frozen	$ mil.	858	762	825
Potatoes	$ mil.	420	500	485
Dry beans	$ mil.	50	65	50
Other 4/	$ mil.	496	522	550
Exports	$ mil.	3,289	3,314	3,315
Vegetables				
Fresh & melons	$ mil.	1,068	1,219	1,230
Canned, frozen	$ mil.	700	687	695
Potatoes	$ mil.	806	768	715
Dry beans	$ mil.	207	185	200
Other 4/	$ mil.	508	456	475
Per capita use	Pounds	456	464	465
Vegetables				
Fresh & melons	Pounds	171	176	173
Processing	Pounds	129	128	127
Potatoes	Pounds	140	142	146
Dry beans	Pounds	8	8	7
Other 1/	Pounds	10	10	10

1/ ERS estimates of trade in 2001. 2/ Other includes sweet potatoes, dry peas, lentils, and mushrooms. 3/ Ratio of total value to total production. 4/ Other includes mushrooms, dry peas, lentils, dehydrated vegetables, sweet potatoes, and vegetable seed.

Sources: Economic Research Service and National Agricultural Statistics Service, USDA.

Shipments Up, Prices Down

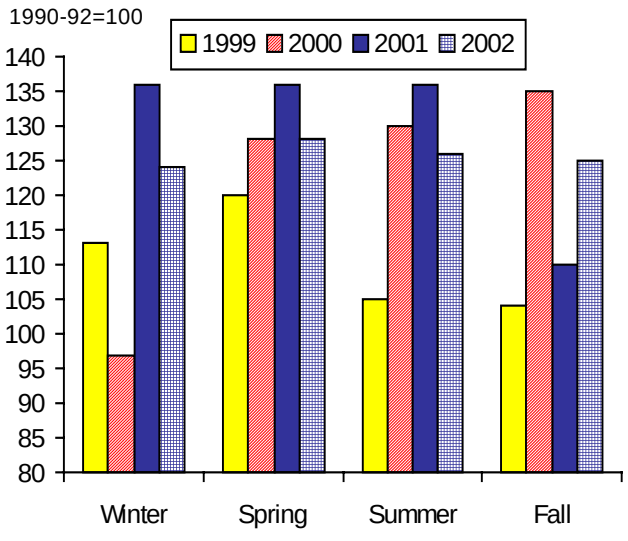
During October and November, fresh-market vegetable and melon shipment volume increased 4 percent from a year earlier. This was a reflection of the 4-percent increase in fall-season area for harvest and generally favorable weather. Unfortunately, while supplies were rising, demand may have been slowed by the economic downturn. The current recession is the first in a decade and has likely slowed the robust growth experienced in the restaurant industry over the past few years. The away-from-home market has been a bright spot for vegetable and melon consumption over the past decade.

As a result of increased supplies and lackluster demand, shipping-point prices for fresh-market vegetables averaged 24 percent below a year ago during the October to November period. With the possible exception of carrots and cucumbers, shipping-point prices are expected to average below a year earlier for most fresh-market vegetables during the fourth quarter of 2001. Warmer than usual weather in the desert growing areas of California and Arizona may have accelerated growth of some crops and could leave windows of lower supplies and price spikes in December and early January.

Outlook for 2002

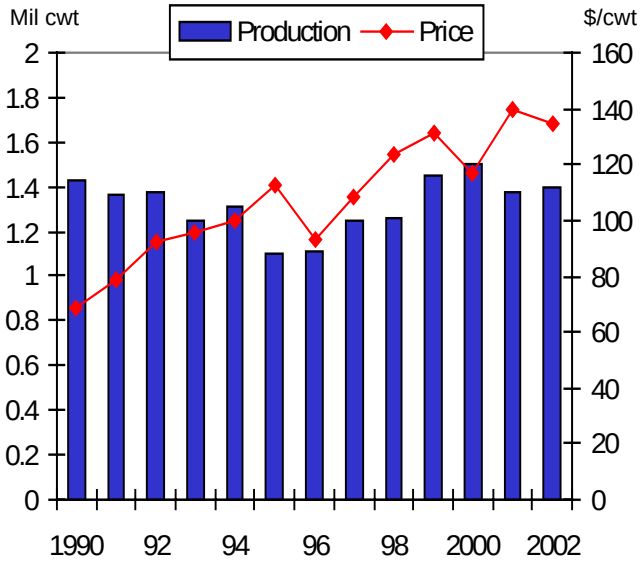
By and large, given average weather, fresh vegetable supplies are expected to remain at or above a year earlier through the first quarter of 2002. However, for the year as a whole, fresh area harvested is expected to decline slightly. In planning and planting for each market window, growers and shippers will consider (among a range of factors) prices received a year ago, costs of production, and the expected strength (or lack thereof) of domestic and export demand. Factors supporting increased area are slightly higher annual prices for 2001 and lower input prices for energy-related items like fertilizer and fuel. Supporting reduced area is uncertain domestic demand due to the slow economy. Also on the negative side is the strong dollar, with its attendant negative impact on export competitiveness.

Figure 1
Vegetables: Quarterly f.o.b. shipping-point price



Source: National Agricultural Statistics Service, USDA through the third quarter of 2001 and ERS forecasts thereafter.

Figure 2
Asparagus, fresh: Production and season-average price



Source: USDA, NASS except 2002 forecast by USDA, ERS.

After a small increase in area during the first quarter, acreage is expected to remain near year-earlier levels in the spring and summer seasons. Given the poor prices received this fall, growers will likely reduce acreage during the fall quarter next year. Assuming average weather in 2002, annual fresh vegetable and melon supplies from domestic sources could be slightly lower for the year.

Asparagus Output Down

According to preliminary USDA data, 2001 fresh-market asparagus production declined 8 percent to 1.4 million cwt. This was the first reduction since 1995 and reflected acreage cuts (primarily in California and Washington) forced by last year's low prices. Although late-season prices were relatively poor, average 2001 fresh-market prices rebounded 20 percent to $140 per cwt—the highest on record (in both current and inflation-adjusted terms).

The value of the fresh crop was also record-high at $193 million, with California likely accounting for about three-quarters of the total. Most of the 9 percent gain in gross receipts from a year ago likely accrued to California and New Jersey shippers who generally received better prices than Michigan and Washington growers.

Only 16 percent of Michigan's asparagus crop moves into fresh-market channels, with the remainder processed. With demand for canned asparagus waning in favor of fresh, Michigan growers (among others) have been trying to increase fresh sales. Michigan fresh sales peaked at 31 percent of production in 1981. The fresh-market proportion of output then trended lower until bottoming out in 1994 when it accounted for just 9 percent of output. With nominal average prices the lowest since 1976, Michigan's 2001 fresh value was the second smallest since 1977. U.S. consumption of fresh asparagus will likely decline about 4 percent in 2001 to 0.9 pound due to the drop in domestic production and slightly lower imports.

Trade: Fresh Exports Flat

During the first three quarters of 2001 (January to September), the volume of fresh-market vegetable exports (excluding potatoes, mushrooms, and pulses) was unchanged from a year earlier. The following were the top seven fresh export items in terms of Jan.-Sept. volume:

- Onions (dry-bulb), up 6 percent from 2000;
- Tomatoes (all), down 9 percent;
- Head lettuce, up 2 percent;
- Broccoli, down 15 percent;
- Leaf/romaine lettuce, up 10 percent;
- Carrots, up 12 percent;
- Celery, down 7 percent.

Table 2--Selected fresh-market trade volume, Jan - Sept

Item	Annual 2000	January - September 2000	January - September 2001	Change 2000-01
		--1,000 cwt--		Percent
Exports, fresh:				
Vegetables	39,402	28,671	28,667	0
Melons	5,566	4,962	4,574	-8
Potatoes	6,444	5,741	5,452	-5
Total	51,412	39,374	38,693	-2
Imports, fresh:				
Vegetables	55,552	41,524	48,200	16
Melons	19,689	16,012	15,684	-2
Potatoes	5,027	6,533	4,698	-28
Total	80,268	64,068	68,581	7

Source: Bureau of the Census, U.S. Department of Commerce.

Table 3--Selected fresh-market export volume

Item	Annual 2000	January - September 2000	January - September 2001	Change 2000-01
		--1,000 cwt--		Percent
Asparagus	397	379	300	-21
Snap beans	696	505	400	-21
Broccoli	3,986	3,298	2,790	-15
Cabbage	851	705	704	0
Carrots	2,764	2,241	2,499	12
Cauliflower	1,619	1,206	1,331	10
Celery	2,618	1,946	1,819	-7
Sweet corn	1,017	905	1,004	11
Cucumbers	571	391	427	9
Lettuce, head	3,740	2,741	2,809	2
Lettuce, other	3,673	2,529	2,774	10
Onions, all	7,632	4,457	4,719	6
Peppers, all	1,576	1,153	1,151	0
Tomatoes	4,102	3,175	2,898	-9
Cantaloupes	1,555	1,304	1,192	-9
Watermelon	2,930	2,795	2,350	-16
Total	39,726	29,731	29,167	-2

Source: Bureau of the Census, U.S. Department of Commerce.

With a strong first quarter, the value of fresh vegetable exports increased 1 percent through September, while fresh melon export value rose 5 percent. Over the final quarter of 2001, much lower prices will likely result in reduced export value despite expected higher volume. For the year ahead, exporters are not expected to get much help from the dollar, as it appears to be maintaining strength.

U.S. exporters also face increased competiton in several key markets, most notably in Japan. China has been gaining market share in the lucrative Japanese market, partly at the expense of U.S. firms. China is difficult to compete with in that part of the world as they hold two significant advantages—lower prices made possible by lower labor costs and lower transportation costs due to regional proximity. It seems likely that China will continue to nurture and develop their advantage in vegetable and melon production and will present significant competitive challenges to U.S. exporters in the years ahead.

While export volume remained flat through September, imports were up 16 percent from a year ago. After gaining 18 and 16 percent during the first two quarters of 2001, respectively, fresh import volume increased 12 percent from a year earlier during the third quarter. Imports of most fresh commodities were higher in July-September, especially carrots (up 42 percent), onions (37 percent), and bell peppers (25 percent). With lower prices and stronger domestic output, import pressure likely eased during the fourth quarter of 2001.

Frozen Stocks Down, Retail Prices Higher

Stocks of frozen vegetables (excluding potatoes) in cold storage warehouses on November 1 were 6 percent lower than a year ago. Double-digit declines from a year earlier were noted for onions (down 36 percent), cauliflower, green peas, brussels sprouts, and southern greens. Lima bean stocks (up 31 percent) increased the most as processors rebuilt stocks depleted after low yields (particularly for fordhook limas) cut production in 2000. With stocks lower this past year, the Consumer Price Index for frozen vegetables averaged 5 percent above a year ago during the first 10 months of the calendar year. This was the strongest year-over-year rise for this period since 1989 when supplies were reduced by the 1988 drought.

Sweet corn (cut-basis), which accounts for 25 percent of frozen stocks, was down 3 percent to the lowest level since 1993. Demand for frozen sweet corn has been soft for several years. Since peaking at 10.5 pounds in the mid-1990s, per capita consumption has trended lower--totaling 9.2 pounds in 2000. As a result, wholesale list prices for consumer-sized packs of frozen corn have not changed in 5 years. Since frozen vegetable demand has been shown to be income sensitive, in the current economic climate processors will be hard-pressed to raise prices in the coming year.

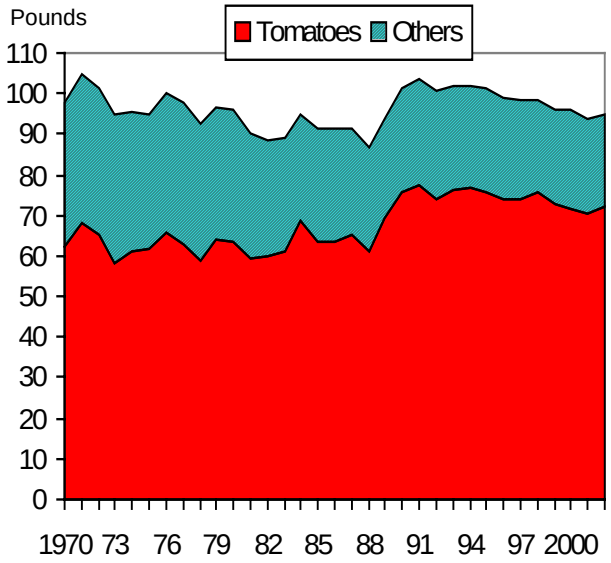
Processed Trade: Imports and Exports Up

During January to September 2001, a 2-percent increase in the value of processed vegetable exports (excluding potatoes, pulses, and mushrooms) was outweighed by a 6-percent gain in import value. Exports of dehydrated vegetables were up 5 percent due to stronger volume of dried pepper products and garlic and onion powder. Most of the gain in import value was due to an 11-percent rise in canned vegetables led by tomato sauces.

Canning Use Led by Tomatoes

In the early 2000s, per capita use of canning vegetables stands 4 percent below the average of the 1990s but 8 percent above the average of the 1980s. Most of the strength in canning compared with the 1980s is concentrated in the processing tomato sector, which accounts for three-fourths of canned vegetable use. Although tomato product demand appears to have softened over the past few years, per capita use in the early 2000s stands 12 percent above the average of the 1980s. Meanwhile, with the likely exception of chile peppers, per capita use of most other canned vegetables has trended lower over the last three decades and is well below the levels experienced in the 1970s and 80s.

Figure 3
Canning vegetables: Per capita disappearance



Source: USDA, ERS.

Table 4--Processing vegetables: Consumer and producer price indexes

Item	Nov 2001	Oct 2001	Nov 2000	Change previous: Month	Change previous: Year	Apr-Jun 2001	Jul - Sept 2000	Jul - Sept 2001	Change previous: Quarter	Change previous: Year
		Index		Percent			Index		Percent	
Consumer Price Indexes (12/97=100)										
Processed fruit and vegetables	110	111	105	-0.7	5.0	108	106	110	1.8	3.5
Canned vegetables	111	113	105	-1.4	6.5	109	107	112	2.9	4.8
Frozen vegetables (1982-84=100)	168	170	157	-0.9	7.0	166	159	168	1.3	5.5
Dry beans, peas, lentils	102	100	100	2.0	1.6	99	100	100	0.7	0.1
Producer Price Indexes (90-92=100)										
Canned vegetables and juices	128	126	122	1.7	5.3	122	121	124	2.1	2.5
Pickles and products	179	179	177	-0.1	1.2	177	176	177	0.1	0.9
Tomato catsup and sauces	119	119	116	0.4	2.8	116	116	118	1.4	1.9
Canned dry beans	123	122	122	0.7	0.4	123	122	123	0.2	0.5
Vegetable juices	114	114	113	0.0	1.4	113	111	108	-4.4	-3.3
Frozen vegetables	129	130	126	-0.5	2.1	128	126	128	0.1	1.8
Dried/dehydrated vegetables	162	159	163	1.9	-0.2	155	170	151	-2.5	-11.4

Source: Bureau of Labor Statistics, USDC.

Production Lower, Prices Higher

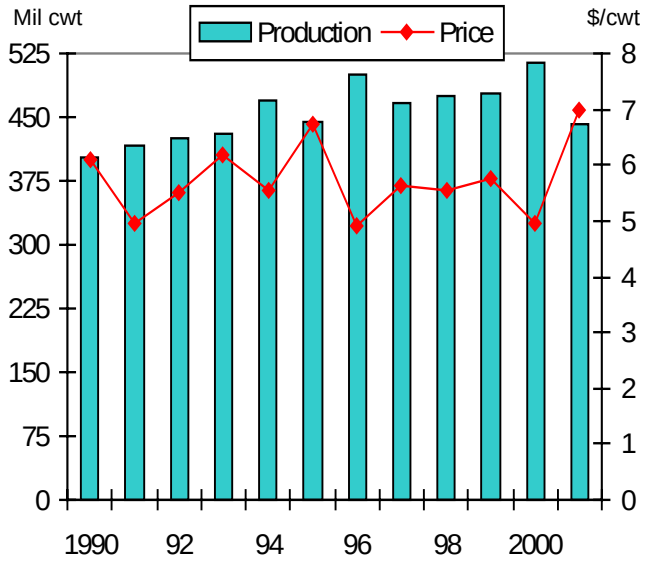
The November estimate of U.S. fall-season potato production is 400.7 million cwt, putting total production for the 2001 crop year at 441.8 million cwt, 14 percent below a year ago. In response to reduced production, U.S. grower prices for all potatoes have averaged 32 percent higher than a year ago for September through November. Prices received by growers for this period were higher than a year ago throughout the country, with some of the largest percentage gains in Colorado (up 126 percent) and California (up 46 percent). Some other major growing areas realizing higher grower prices are Idaho (up 42 percent from year-previous levels), Washington (up 24 percent), North Dakota (up 14 percent), and Maine (up 8 percent).

Much of the increase in grower prices this fall compared with a year ago has been for fresh-market potatoes. In September and October, U.S. fresh-market potatoes averaged $9.05/cwt, 98 percent higher than was received a year earlier. Prices for processing potatoes, however, averaged $4.48/cwt in September and October—only 3 percent higher than a year ago. Much of processing potato volume is contracted prior to the growing season, which limits large fluctuations in pricing. However, as the marketing season progresses and contract requirements are met by growers, open-market purchases by processors may spur price gains for processing potatoes.

Exports May Determine How High Prices Rise

With a significant decrease in production in the United States, Canada, and the European Union (EU) in the fall of 2001, it is almost certain that grower prices will rise for the 2001 crop. However, the extent of the impact on prices will depend largely on domestic and international demand for potatoes and potato products--particularly frozen french fries. Stocks of frozen potato products were 2 percent below year-previous levels at the end of October. French fry stocks were 1 percent below a year ago, despite record processing usage of last year's crop. Since stocks are not burdensome, strong consumer demand could put pressure on processors to purchase open-market potatoes for processing, driving prices up further as the marketing season progresses. However, if consumer spending is low, and foodservice demand is

Figure 4
Potatoes, all: Production and season-average price



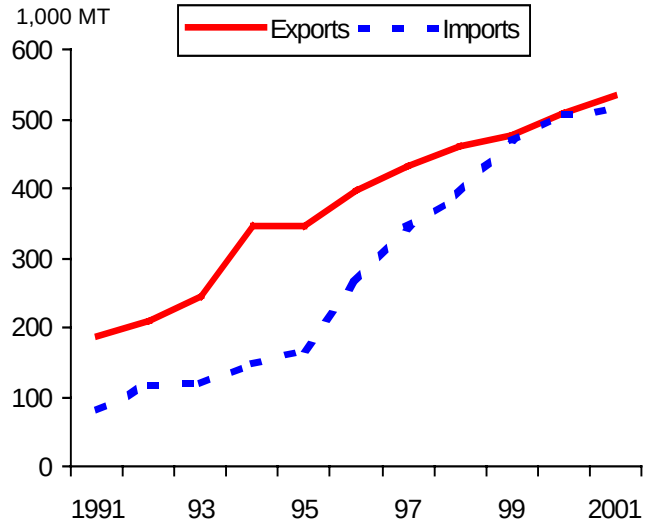
Source: USDA, NASS except 2001 forecasts by USDA, ERS.

Table 5--Potatoes: Monthly average shipping-point prices

Year	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
						$/cwt						
All potatoes:												
1998/99	4.97	4.47	4.86	5.30	5.50	5.75	6.12	6.50	6.13	6.54	7.35	6.02
1999/2000	5.09	4.86	5.52	5.44	5.67	5.91	6.26	6.54	6.30	6.17	6.95	5.53
2000/01	4.65	4.32	4.31	4.59	4.56	5.02	5.56	5.71	6.31	6.47	7.83	6.84
2001/02	6.05	5.28	6.04									
Tablestock:												
1998/99	6.31	5.44	5.46	5.62	6.07	6.93	7.50	8.39	7.89	9.09	9.85	9.88
1999/2000	5.09	4.86	5.52	5.44	6.32	6.71	6.77	7.17	7.18	7.45	9.36	8.49
2000/01	4.92	4.04	3.80	4.00	3.71	4.63	5.95	6.00	8.78	9.14	11.20	12.60
2001/02	9.95	8.14										
Processing:												
1998/99	4.49	4.28	4.52	5.07	5.11	4.94	5.07	5.29	5.37	5.30	5.28	4.58
1999/2000	4.61	4.64	4.97	4.86	5.24	5.31	5.26	5.42	5.39	5.32	4.92	4.58
2000/01	4.40	4.30	4.67	4.85	5.11	5.16	5.17	5.40	5.43	5.19	5.43	4.59
2001/02	4.51	4.45										

Source: National Agricultural Statistics Service, USDA.

Figure 5
U.S. frozen french fry imports and exports, crop year



Source: Bureau of the Census, USDC.

weak in the coming year, processors may be able to limit open-market purchases until the next crop can be harvested, therefore limiting the upward pressure on prices.

Export demand will likely play a key role in price determination. Smaller crops in Canada and the EU may bring increased export opportunities for both U.S. growers and processors. Canada may add upward pressure to U.S. grower prices if they find themselves needing to import more fresh potatoes than usual from the United States in order to keep processing facilities, particularly in drought-stricken Prince Edward Island, operating.

Recent rapid expansion in Canadian potato processing facilities has required expansion of raw potato production to serve these facilities, and this year's 12-percent drop in production is the first significant decline in Canada since 1993. Lower production in the EU this year may help U.S. processors who compete with EU countries (particularly the Netherlands) for foreign markets. Additionally, in times of EU crop shortfalls in the past, the United States has been able to boost processed potato exports directly to the EU, particularly potato chips and dehydrated flakes and granules.

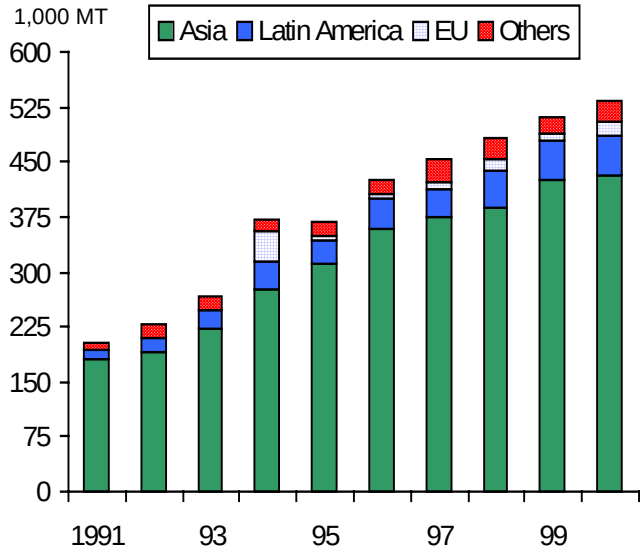
French Fry Trade Continues to Grow

During the 2000 crop year (September 2000-August 2001), the United States became a net importer of frozen french fries for the first time (fig. 5). However, despite the increasing imports from Canada, U.S. french fry exports have also continued to increase, and much of this can be attributed to growing worldwide demand. If the world economy and consumer demand stays strong in 2002, it is likely that U.S. exports of french fries will continue to increase, and perhaps outpace imports through next August.

By far the largest foreign market for U.S. frozen potato products (predominantly fries) is Asia, accounting for 81 percent of U.S. exports during the 2000 crop year (fig. 6). Japan is the largest individual country market for U.S. frozen potato product producers, accounting for 55 percent of the Asian market, and 46 percent of the world market. One of the fastest growing markets in the region, although still only accounting for 8 percent of U.S. frozen potato exports to Asia, is China. Frozen potato exports to mainland China have grown from just 149 metric tons in crop year 1991, to over 33,000 metric tons in 2000.

Latin America is the second largest export region for U.S. frozen potato products, accounting for 10 percent in crop year 2000. Mexico accounts for about 75 percent of the Latin American total, with frozen potato product exports averaging a 34-percent annual increase to Mexico over the last decade. With lower potato production in the EU and Canada this year, the United States may be able to increase frozen potato product exports to Latin America (particularly South America) in the coming year, as the Netherlands and Canada are typically strong exporters to South America.

Figure 6
U.S. frozen potato exports, selected regions 1/



Source: USDA, ERS, FATUS.

Tight Supplies Indicated

Supplies of U.S. dry edible beans will be much smaller than a year ago and will stand in stark contrast to the high levels of the past several years. With the industry indicating low carryover stocks and imports traditionally small, the lower 2001 crop will leave supplies down and prices up. The short crop this year is a combination of acreage cutbacks, irrigation water shortages in some Western States, and a drought that primarily hit Michigan and New York during the summer. With stocks of many classes likely to be low or exhausted by next summer, low supplies and higher prices this fall and winter will set the stage for a significant increase in area planted next spring.

The first estimate of dry bean production by class was released by USDA on December 11. As expected, output for all classes fell below a year earlier, with the biggest decline for cranberry beans—down 66 percent. Output of pinto beans, which accounts for the largest share (44 percent) of the U.S. dry bean crop, fell 20 percent. Production of navy beans plummeted 51 percent, black beans dropped 42 percent, and baby limas were cut 56 percent. Output of Great Northerns fell 17 percent as a 9-percent increase in Nebraska's yield was outweighed by reduced area harvested. Much of the cutback in navy, black, cranberry, and light red kidney beans was due to drought-induced production shortfalls in Michigan.

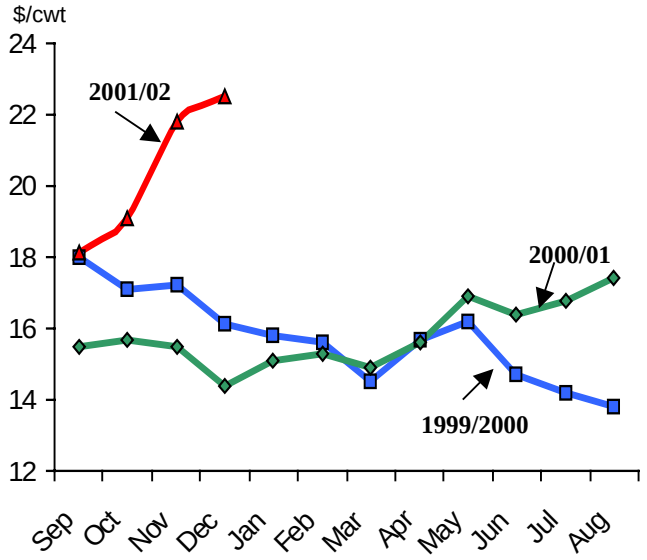
Three dry bean classes registered increases in 2001, including garbanzo (up 35 percent to a record 1.8-million cwt), blackeye (34 percent), and pink (1 percent)

Table 6--U.S. dry beans: Production by class, 1999-2001

Class	1999	2000	2001p	Percent change
		--1,000 cwt--		Percent
Pinto	10,839	10,670	8,576	-20
Navy	7,294	4,771	2,315	-51
Grt Northern	2,469	2,489	2,063	-17
Lt red kidney	1,375	1,352	841	-38
Dk red kidney	1,040	1,014	729	-28
Black	3,371	1,336	779	-42
Garbanzo	735	1,308	1,769	35
Blackeye	1,302	382	513	34
Baby lima	620	542	241	-56
Large lima	433	437	310	-29
Small red	900	313	172	-45
Cranberry	577	449	152	-66
Pink	815	320	324	1
Others	1,315	1,026	818	-20
United States	33,085	26,409	19,602	-26

p = NASS preliminary estimate.
Source: National Agricultural Statistics Service, USDA.

Figure 7
U.S. dry beans, all: Monthly grower prices



Source: USDA, NASS.

beans. While blackeye and pink bean prices are well above a year ago, prices in the chickpea/garbanzo market remain near last year's weak levels, reflecting the record crop and burdensome stocks.

Production of black beans dropped 42 percent as lower yields (particularly in Michigan and New York) added to an 8-percent cut in area harvested (area planted was even with a year ago). The black bean crop hit record- and near-record highs in 1998 and 1999, and the resulting burdensome stocks caused a prolonged slump in prices over the past 2 years. The current situation is now reversed, with the smallest crop since 1992 and low carryin stocks yielding the highest prices since 1989.

Total dry bean production in California is estimated to be 22 percent smaller than a year earlier and the third lowest on record. With the exception of garbanzo beans, output was lower for all major classes in 2001. Lima, blackeye, and garbanzo beans account for most of the State's output. Limas have been the traditional leaders in the State, but markets for both have been under pressure the past 2 years. Output of baby limas, hurt by a dwindling export market, dropped 56 percent in 2001, while large limas, suffering from weak domestic demand, fell 29 percent. Aggregate California dry bean grower prices averaged $31.50 per cwt in November—up 18 percent from a year ago.

Exports Up Through September

U.S. dry edible bean export volume for January to September was up 14 percent from the same time a year earlier. Black (up 115 percent), light red kidney (98

Table 7--U.S. dry beans: Export volume by class

Item	Jan-Dec 2000	January - September 2000	January - September 2001	Percent change
		--Million pounds--		Percent
Pinto	164.2	109.5	133.9	22
Navy	163.6	91.0	116.2	28
Great Northern	103.3	55.6	65.4	18
Black	43.8	23.3	50.2	115
Light-red kidney	21.6	14.8	29.5	99
Dark-red kidney	39.3	23.6	19.7	-17
Baby lima	28.4	22.2	16.4	-26
Chickpeas	64.0	33.5	26.7	-20
Small red	18.5	14.7	10.4	-30
Others	139.4	97.5	89.8	-8
All classes	786.1	485.7	558.2	15

Source: National Agricultural Statistics Service, USDA.

percent), navy (28 percent), and pinto beans (22 percent) led the increase. Imports (excluding guar seeds) during this time were up 34 percent, led by pinto (up 208 percent) and light red kidney (149 percent) beans. Greater shipments to Mexico (up 115 percent) and the United Kingdom (U.K.) (70 percent) have been the driving force behind dry bean exports in 2001.

Reflecting higher prices and reduced stocks, September dry bean export volume declined 25 percent from a year earlier. The leading market for dry beans in September was Mexico, accounting for 43 percent of total volume.

Pinto Crop Down, Prices Up

Pinto bean output is estimated to have declined 20 percent to 8.6 million bags (cwt)—the smallest crop since 1993. Area harvested was down 22 percent but was partly offset by higher average yields (up 4 percent to 17.1 bags per acre). Output was down in 11 of 15 States with North Dakota, the leading producer, down just 6 percent to 4.1 million cwt.

With production down, pinto stocks will be drawn lower which will add strength to grower and wholesale prices. Grower prices (CO/NE) began the marketing year in September at $21.00 per cwt--up 79 percent from the extreme lows of a year earlier. Prices in North Dakota-Minnesota had climbed to $21.50 by mid-December—the highest average price for that month since 1993. The reduction in stocks and higher prices will likely set the stage for a substantial increase in area and production in 2002.

Pinto bean exports were relatively strong for much of the first three quarters of 2002. Pinto bean export volume began to slow in September--likely a reaction to rising prices and uncertainty over the quality and quantity of the new crop. However, since January, increased movement to Mexico (up 106 percent), Angola (26 percent), and Haiti (4 percent) pushed pinto bean exports up 22 percent from a year earlier. These three nations accounted for 78 percent of U.S. pinto volume shipped overseas. Exports are expected to account for about 12 percent of supplies during calendar 2001--up from 10 percent in 2000 and the same as the average share during the 1990s. The recent low was in 1992 when just under 7 percent of supplies were exported.

The U.S. traditionally imports few pinto beans but volume (largely from Canada) has been on the rise the past few years. In the previous 3 years, pinto exports have averaged 18 million pounds—about 2 percent of domestic consumption. Imports this year are expected to total about 30 million pounds—3 percent of domestic consumption.

Navy Crop Smallest Since 1921, Prices Rise

Navy (pea) bean production in 2001 has been reduced for the second consecutive year. Navy bean production was down 51 percent to 2.3 million cwt—the smallest crop since 1921. Output was down in every State with the traditional leader, Michigan, suffering a near-total crop loss due to severe drought. Navy production in Michigan was slashed 91 percent as acres harvested fell 75 percent and average yield declined 62 percent. In North Dakota, despite 7 percent higher yields, lower area harvested pushed navy bean production down 18 percent.

The smaller crop means pea bean stocks entering the 2002 season should be substantially reduced. As a result, pea bean prices have strengthened and should continue to do so as the marketing year progresses. Michigan navy bean grower prices began the marketing year in September at $18.25 per cwt--up 73 percent from the rock bottom lows of a year earlier. Prices had climbed to $23.50 by mid-December--the highest for that month since 1994. The reduction in stocks and higher prices will likely set the stage for a substantial increase in area and production in 2002.

Navy bean exports have been strong this year, with volume during the first 9 months of the year up 28 percent from a year earlier. Increased movement to the U.K. (up 116 percent), New Zealand, Mexico, and Italy outweighed reduced movement to Canada (down 74 percent) and South Africa. Exports are expected to account for about 30 percent of supplies, up from 21 percent in 2000 and 24 percent during the 1990s. The recent low was in 1992 when just 14 percent of supplies were exported.

Commodity Highlight: Bell Peppers

Over the past two decades, the demand for sweet, mild peppers has been rising, reaching a record-high in 2000. Bell peppers (green, red, purple, and yellow) are the most common sweet pepper and are found in virtually every retail produce department and backyard garden.

The genus *Capsicum* and species *annuum* includes most of the peppers grown in the United States. These can be further grouped into two broad categories—chile peppers which are pungent (hot) and sweet peppers which are non-pungent (mild). The United States produces 4 percent of the world's capsicum peppers (sweet and hot), ranking sixth behind China, Mexico, Turkey, Spain, and Nigeria. With strong demand, U.S. growers harvested 12 percent more bell pepper acreage in 2000 than a year earlier.

Grown commercially in most States, 6,271 farms (1997 Census) ship bell peppers into the fresh and processing markets. The United States produced 1.7 billion pounds of bell peppers for all uses during 1998-2000. ERS estimates suggest less than 10 percent of production is used for processed products. Production has been trending higher, reaching a record-high in 2000. Bell peppers are produced and marketed year-round, with domestic shipments peaking during May and June and import shipments highest during the winter months.

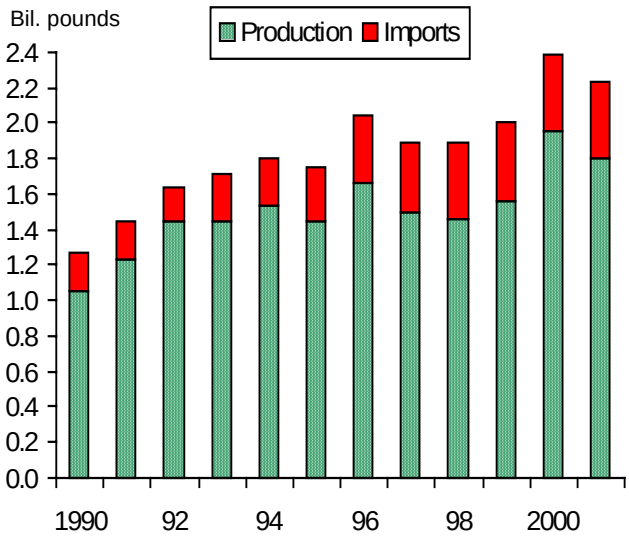
Gross farm cash receipts from bell peppers have risen 32 percent over the past 5 years. From 1998 to 2000, receipts for bell peppers averaged $535 million--with an estimated retail value of over $1.7 billion.

Although bell peppers are grown in 48 States, the U.S. industry is largely concentrated in California and Florida, which together accounted for 78 percent of output in 2000. New Jersey, Georgia and North Carolina round out the top five producing States. According to the Census, about 4 percent of farms that produce sweet bell peppers account for 74 percent of the pepper area harvested.

During 1998-2000, about 460 California farms produced 46 percent of the Nation's bell peppers--up 89 percent from 1988-1990. Florida follows California in bell pepper production, with 36 percent of the Nation's output coming from about 128 farms. In addition to field-grown product, smaller volumes of domestically-produced and imported hothouse sweet peppers are also available year round.

Trade plays an important role in the U.S. fresh bell pepper market. About 7 percent of U.S. fresh-market supplies are exported, and 20 percent of fresh-market demand is satisfied by imports. Canada accounts for 98 percent of U.S. fresh-market export volume, while Mexico, Canada, and the Netherlands supply most of the imported fresh bell peppers. In addition, the United States imported almost $13 million of dried (unground) bell peppers in 2000, with Chile ($7 million) and China ($3 million) the largest suppliers. The United States also imported $2 million in canned sweet bell pepper products in 2000--most from Turkey, Egypt, and Spain.

Figure 8
U.S. bell peppers, all uses: Supply, 1990-2001



Source: USDA, NASS.

Table 8--U.S. bell peppers, all uses: Supply, utilization, and price, farm weight

Year	Supply			Utilization			Season-average price	
	Production 1/	Imports 2/	Total	Exports 2/	Domestic	Per capita use	Current dollars 1/	Constant dollars 3/
	-- Million pounds --					Pounds	-- $/cwt --	
1980	549.4	174.2	723.6	66.5	657.1	2.9	22.70	39.55
1990	1,050.5	220.0	1,270.5	151.2	1,119.3	4.5	24.59	28.42
1998	1,455.6	438.9	1,894.5	127.8	1,766.7	6.5	34.80	33.71
1999	1,556.2	455.2	2,011.4	146.2	1,865.2	6.8	31.10	29.68
2000	1,952.5	436.9	2,389.4	157.6	2,231.8	8.1	31.50	29.46
2001 f	1,800.0	440.0	2,240.0	160.0	2,080.0	7.5	--	--

-- = Not available. f = ERS forecast. 1/ Source: National Agricultural Statistics Service, USDA. 2/ Source: Bureau of the Census, U.S. Department of Commerce. 3/ Constant-dollar prices were calculated using the GDP implicit price deflator, 1996=100.

Contacts and Links

Special Articles

The following are links to recent articles released on subjects directly related to the vegetable and melon industry. These articles are in Adobe Acrobat format.

1. *Trade Issues Facing U.S. Horticulture in the WTO Negotiations*
http://www.ers.usda.gov/publications/vgs/aug01/285-01

U.S. objectives for the upcoming negotiations are discussed including reducing tariffs and improving market access, eliminating and prohibiting the use of export subsidies, and placing further limitations on trade-distorting domestic support programs. Phytosanitary and food safety protocol is also covered.

2. *Sweet Peppers: Saved by the Bell*

http://www.ers.usda.gov/publications/AgOutlook/dec2001/AO287e.pdf

Over the past two decades, consumption of sweet bell peppers has been on the rise in the U.S. Given continued strong demand, U.S. growers harvested 12 percent more bell pepper acreage in 2000 than a year earlier. Bell peppers are produced and marketed year-round, with domestic shipments peaking during May and June and import shipments highest during winter months (20 percent of fresh-market demand is satisfied by imports).

Data Tables

The following links provide the tabular data on vegetables and melons associated with this issue of the Vegetables and Melons Outlook. You may choose links for Adobe Acrobat table compilations or the original Excel 97 workbook (spreadsheet) tables.

1. Per capita use (consumption)
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/percap.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/percap.xls

2. Fresh vegetables and melons
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/fresh.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/fresh.xls

3. Processing vegetables
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/proc.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/proc.xls

4. Potatoes
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/potat.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/potat.xls

5. Sweet potatoes
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/swpot.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/swpot.xls

6. Dry edible beans
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/drybn.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/drybn.xls

7. Mushrooms
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/mush.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/mush.xls

8. Vegetable and melon trade
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/trade.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/trade.xls

9. Vegetable prices
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/price.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/price.xls

Data Tables (continued)

10. Dry peas and lentils
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/drypea.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/drypea.xls

11. World vegetable production
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/world.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/world.xls

12. Mexican and Canadian vegetable production
PDF file:
http://www.ers.usda.gov/publications/vgs/tables/Mexcan.pdf
Excel file:
http://www.ers.usda.gov/publications/vgs/tables/Mexcan.xls

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Potatoes, sweet potatoes, long-run outlook